



SHOVON KNITWEAR LTD.

Manufacturer & Exporter of Quality Knitwear.

(A concern of Shovon Group of Companies Limited)

SUSTAINABLE PROCUREMENT POLICY



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Approved By: Managing Director

Responsible Department: Sustainability Department



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Introduction

Shovon Knitwear Ltd. recognizes sustainable procurement as a strategic priority and an integral part of our commitment to environmental stewardship, ethical business practices, responsible sourcing, and continuous improvement. We recognize that our procurement decisions influence not only product quality and cost, but also the broader environmental, social, and ethical impacts of our operations and supply chain.

We integrate sustainable and green procurement practices by sourcing recycled, certified, traceable, and environmentally preferable materials, using responsibly managed chemicals, and promoting energy-efficient equipment and technologies. These actions help reduce waste, conserve natural resources, minimize environmental and social risks, and improve supply-chain performance. We prioritize suppliers that align with our sustainability objectives and comply with relevant recognized standards and certifications, including GRS, RCS, OCS, OEKO-TEX®, GOTS, FSC, PEFC, and SEDEX, as applicable.

Our sustainable procurement approach extends across all relevant areas of our operations, including raw materials, chemicals, packaging, machinery and equipment, services, office supplies, and supplier relationships. We integrate environmental, social, human-rights, ethical, and responsible-business considerations into supplier selection, assessment, contracting, monitoring, and continuous improvement.

We also promote employee awareness and procurement personnel training on sustainable sourcing and responsible procurement. Through collaboration with suppliers, customers, industry associations, and other relevant stakeholders, we seek to strengthen responsible sourcing practices and contribute to continuous improvement in sustainability throughout the value chain.

SCOPE

This policy is applicable to all employees, workers, subcontractors, and other stakeholders directly affiliated with us. The applicable all sites are.

Sl/No	Name of Site	Address
1	Shovon Knitwear Ltd. (Narayanganj)	West Masdair, Fatullah, Narayanganj, Bangladesh.



Policy Statement

Shovon Knitwear Ltd. is committed to embedding sustainability principles throughout its procurement activities. The Company aims to promote responsible sourcing, environmental protection, human rights, ethical business practices, and continuous improvement across its supply chain.

1. Supplier Social Practices

- Promote fair labor standards, non-discrimination, safe working conditions, and respect for human rights through risk-based supplier assessments, audits, and ongoing engagement.
- Promote local employment, community welfare, and workforce development initiatives in collaboration with relevant suppliers.
- Support supplier social performance improvement through targeted training, awareness, and capacity-building programs.
- Encourage suppliers to establish accessible worker grievance and feedback mechanisms and protect workers from retaliation.
- Conduct worker voice surveys or other worker-feedback activities where appropriate to identify and address potential social and human-rights risks.
- Require suppliers to comply with the Company's Supplier Sustainability Code of Conduct and applicable contractual social requirements.

2. Supplier Environmental Practices

- Require relevant suppliers to implement appropriate practices for waste reduction, energy efficiency, water conservation, emissions reduction, pollution prevention, and responsible chemical management.
- Assess supplier environmental performance through questionnaires, document reviews, certifications, audits, or other risk-based assessment methods.
- Conduct on-site supplier environmental audits where justified by supplier risk, business importance, previous performance, or identified environmental concerns.
- Collaborate with suppliers to establish appropriate sustainability objectives and encourage eco-innovation and continuous environmental improvement.
- Provide or facilitate environmental awareness, training, and capacity-building for suppliers where relevant.

3. Sustainable Sourcing of Raw Materials

- Prioritize procurement of materials from certified, traceable, recycled, reclaimed, recyclable, and environmentally preferable sources, where technically and commercially feasible.



- Consider recognized certifications and standards, including FSC, PEFC, GOTS, GRS, and OEKO-TEX®, as applicable to the purchased material or product.
- Encourage the use of recycled or reclaimed materials to reduce reliance on virgin resources and associated environmental impacts.
- Maintain appropriate documentation relating to material origin, certification, recycled content, and traceability.
- Integrate environmental, social, ethical, and sustainability criteria into relevant supplier selection, evaluation, and purchasing decisions.

4. Supplier Governance and Ethical Practices

- Require suppliers to adopt appropriate ethical governance practices, maintain internal controls, and comply with applicable laws, regulations, and responsible business requirements.
- Require relevant suppliers to comply with the Company's Supplier Sustainability Code of Conduct, including requirements related to human rights, labor practices, environmental responsibility, anti-bribery, and ethical business conduct.
- Conduct risk-based assessments of potential adverse environmental, social, human-rights, and ethical impacts within the supply chain.
- Conduct periodic supplier governance and compliance assessments to identify and mitigate potential risks.
- Incorporate relevant environmental, social, human-rights, and ethical requirements into supplier contracts, purchase agreements, and onboarding processes.
- Provide supplier training and review mechanisms to strengthen ethical practices, sustainability performance, and compliance.

5. Supplier Due Diligence and Continuous Improvement

- Apply a risk-based approach to supplier screening, assessment, monitoring, and periodic review.
- Conduct enhanced due diligence and additional assessments for suppliers identified as higher risk.
- Require corrective action plans for significant sustainability or compliance findings and monitor their timely closure.
- Support suppliers through training, guidance, and capacity-building to address identified sustainability risks.
- Where feasible, recognize suppliers demonstrating strong environmental, social, and ethical performance through appropriate supplier recognition or incentive mechanisms.



6. Sustainable Procurement Responsibilities

- Train relevant procurement and buying personnel on environmental, social, human-rights, ethical, and sustainable procurement issues.
- Integrate sustainable procurement objectives and relevant KPIs into the performance review of applicable procurement personnel.
- Monitor supplier sustainability performance through defined KPIs, assessments, audits, corrective actions, and management reviews.
- Maintain appropriate records and evidence to demonstrate the implementation and effectiveness of sustainable procurement practices.

Quantitative Targets

(Baseline 2024)

1. Supplier Social Practices

- Achieve 100% compliance with applicable fair labor and human rights requirements among relevant suppliers through annual assessments.
- Increase suppliers with documented workforce development or community welfare programs from 30% (2024) to 70% by 2030.
- Provide social sustainability training to at least 80% of strategic suppliers annually by 2030.
- 100% of Tier-1 suppliers acknowledge the Supplier Sustainability Code of Conduct.
- 100% of strategic/high-risk suppliers undergo relevant social and human-rights risk assessment.
- 80% of strategic suppliers receive annual social sustainability training/capacity building.
- 100% of significant social nonconformities have documented CAPs, with 90% closed within agreed timelines.
- 100% of relevant supplier contracts include applicable social and human-rights requirements.

2. Supplier Environmental Practices

- Reduce supplier-related waste generation by 20% from the 2024 baseline by improving material efficiency, waste prevention, reuse, and recycling practices across the supply chain.
- Ensure at least 75% of strategic suppliers hold recognized environmental certifications or demonstrate equivalent environmental management practices, such as GRS, OEKO-TEX, GOTS, ISO 14001, or equivalent standards, by 2027.
- Improve average supplier energy efficiency by 15% compared with the 2024 baseline, measured using relevant intensity indicators such as kWh per unit of production or kWh per kg of product, by 2027.



3. Sustainable Sourcing of Raw Materials

- Source at least 90% of raw materials from certified and traceable sources (e.g., FSC, PEFC, GOTS) by 2027.
- Increase the share of recycled or reclaimed materials in purchased products from 15% to 70% by 2027.
- Achieve 100% supply chain transparency and traceability documentation for all strategic suppliers by 2027, including supplier identification, material origin, certification status, and relevant traceability records.

4. Supplier Governance Practices

- Source at least 90% of raw materials from certified and traceable sources (e.g., FSC, PEFC, GOTS) by 2027.
- Increase the share of recycled or reclaimed materials in purchased products from 15% to 70% by 2027.
- Achieve 100% supply chain transparency and traceability documentation for all strategic suppliers by 2027, including supplier identification, material origin, certification status, and relevant traceability records.

5. Supplier Due Diligence and Continuous Improvement

- Risk-screen and assess 100% of strategic suppliers against defined environmental, social, human-rights, and ethical criteria annually by 2030.
- Conduct enhanced due diligence for 100% of suppliers classified as high-risk by 2030.
- Ensure 100% of significant supplier non-conformities have documented corrective action plans, with at least 95% closed within the agreed timeframe by 2030.
- Provide sustainability training and capacity-building to at least 90% of strategic and high-risk suppliers annually by 2030.
- Recognize or provide sustainability incentives to at least 30% of suppliers demonstrating strong environmental, social, and ethical performance by 2030.

6. Sustainable Procurement Responsibilities

- Train 100% of relevant procurement and buying personnel annually on sustainable procurement, environmental, social, human-rights, and ethical requirements by 2030.
- Integrate sustainable procurement KPIs into the performance evaluation of 100% of applicable procurement personnel by 2030.
- Conduct annual sustainability performance reviews for 100% of strategic suppliers by 2030.



- Maintain 100% documented records and evidence for supplier assessments, certifications, audits, corrective actions, training, and sustainability reviews by 2030.

Responsibilities

Effective implementation of the sustainable procurement requires coordinated efforts and accountability across all levels of the organization. The following roles and responsibilities ensure proper governance, monitoring, and continuous improvement.

1. Board of Directors

- Provide strategic oversight and approve the overall direction of the company's sustainable procurement strategy.
- Ensure alignment of procurement practices with corporate sustainability goals.

2. Procurement & Supply Chain Team

- Execute sustainable procurement activities in line with this policy.
- Evaluate and monitor supplier compliance with social, environmental, and governance standards.
- Maintain records of supplier assessments, audits, certifications, and improvement plans.

3. Compliance & Risk Management Team

- Conduct periodic audits and risk assessments of supplier practices and procurement procedures.
- Address non-compliance cases and oversee implementation of corrective actions.

4. All Employees Involved in Procurement

- Comply with the Sustainable Procurement Policy and ethical procurement guidelines.
- Participate in sustainability related training programs.
- Promptly report any suspected violations, risks or supplier misconduct through the designated reporting channels.



Reporting Mechanism

Shovon Knitwear Ltd., Maintains a transparent and structured reporting framework to monitor sustainable procurement performance address risks, and ensure continuous improvement across the supply chain.

1. Supplier Performance Monitoring

- Conduct regular evaluations of suppliers based on Environmental, Social, and Governance (ESG) criteria.
- Utilize scorecards, checklists, and audit results to track supplier compliance and progress against sustainability targets.
- Maintain records of certifications, assessment results, and corrective actions for accountability and traceability.

2. Internal Reporting & Review

- Prepare periodic internal reports summarizing procurement performance, compliance status, and key risks.
- Present sustainability metrics to senior management to support informed decision-making and resource allocation.

3. Incident & Grievance Reporting

- Provide confidential channels for employees, suppliers, and stakeholders to report violations or concerns related to supplier practices.
- Investigate all reported incidents promptly, using defined timelines and transparent resolution procedures.
- Track, analyze, and report recurring issues to strengthen procurement risk mitigation strategies.

4. Stakeholder Feedback & Engagement

- Organize regular review sessions with key suppliers to discuss performance, share feedback, and encourage collaborative improvements.
- Engage internal teams and external stakeholders in refining procurement strategies based on emerging issues and best practices



Covered SDGs



Review Mechanism

The Purchase Manager is responsible for overseeing the implementation and periodic review of this policy. It will be formally reviewed annually to ensure continued effectiveness and relevance. Any necessary updates or amendments will be promptly communicated to all relevant stakeholders. Interim changes may also be made as needed to address emerging requirement or corrections.



EMPLOYEE ACKNOWLEDGEMENT FORM

I acknowledge that I have received, read, and understood the Shovon Knitwear Ltd. Sustainable Procurement Policy. I understand the company's commitment to responsible sourcing, ethical supplier engagement, human rights, environmental protection, and sustainable supply chain management.

I understand my responsibility to support this policy by ensuring that procurement activities consider relevant environmental, social, ethical, and legal requirements. I will support the selection and engagement of suppliers that demonstrate responsible business practices and compliance with applicable laws, standards, and company requirements.

I commit to conducting procurement activities with integrity, fairness, transparency, and accountability, while supporting resource efficiency, waste reduction, responsible sourcing, and the company's sustainability objectives.

I agree to promptly report any suspected unethical sourcing practices, conflicts of interest, supplier misconduct, human-rights concerns, environmental risks, or policy non-compliance through the designated reporting channels.

By signing below, I confirm my understanding of and commitment to complying with the Sustainable Procurement Policy and contributing to the development of a responsible, transparent, and resilient supply chain.

Employee Name: Adnan Rakib

Employee ID: 2500000091

Department: HR & Compliance

Designation: Executive ECR

Signature:

Date: 11.09.2026